



California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

News Release

FOR IMMEDIATE RELEASE

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PUC APPROVES PLAN AIMED AT LOWERING COST OF NATURAL GAS TO PG&E CUSTOMERS

SAN FRANCISCO, Oct. 6, 2005 - The California Public Utilities Commission (PUC), in response to rising natural gas prices, today approved for Pacific Gas and Electric Company (PG&E) an expanded level of hedging for natural gas purchases on behalf of its residential, small business, and other customers.

“Given projections of 40 percent increases in natural gas bills this winter, we want to provide the utilities with the necessary tools they need to protect ratepayers from even higher bills,” said PUC President Michael R. Peevey. “In light of PG&E’s rising natural gas costs, the proposal adopted today will go a long way in moderating further potential impacts on residential ratepayers by providing PG&E with additional ability to purchase insurance against price spikes.”

Commissioner Susan P. Kennedy added, “Today’s decision is about protecting consumers. With gas prices as high as they are, we must give the utilities the tools they need to keep consumers’ bills from running out of control.”

Today’s decision allows PG&E to undertake an expanded level of hedging of its natural gas purchases on behalf of its customers. PG&E will use hedging as a form of price insurance to ensure that its core customers are not subject to excessive price fluctuations. Today’s authorization will result in a slight increase on the average residential customer bill by approximately two dollars.

Continuing its efforts to identify the best ways to reduce the impacts of rising natural gas prices on consumers, the PUC will hold a Full-Panel Hearing on natural gas today at 1:30 p.m. at the Junipero Serra State Office Building, 320 West 4th St., 1st Floor - Auditorium, Los Angeles. For those unable to attend in person, there will be a listen-only call-in number at 800-857-1917, passcode 92105. In addition, an audio and video webcast will be available at www.cpuc.ca.gov. For more information and to view presentations, please visit our website at

http://www.cpuc.ca.gov/static/spotlight/050926_fphla.htm.

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